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MONDAY
DECEMBER 14, 1953

The Delegation convened at nine o'clock this morning.

Afterwards I had a talk with Tracy Voorhees about new weapons, and how their use might make for greater combat effectiveness of the NATO forces without increased expenditure.

Jean Monnet came to the office and we went further into the High Authority's investment program.

Hallstein called me from the airport to give me a message from the Chancellor, the purport of which was that a large U. S. Government loan to the High Authority would in his opinion be of great assistance in stimulating progress towards European unity.

Messrs. Humphrey and Burgess stopped to see me to tell me of their conversation with Monnet about the loan. The smallest amount he would like to have authorized is $400,000,000, and whatever money was later made available by appropriations from Congress would be devoted to coal and iron ore business and such subsidiary uses as the generation of power and workers' housing. The important thing would be, if practicable, for Congress to vote lending authority to the President within such a limit, the exact amounts to be made available to be determined in the course of later negotiations. George Humphrey thinks it would be impossible to get an authorization for such a large sum from Congress and it would provoke a bitter dispute which might be harmful to our objective. This is a complicated problem, for the political consequences of the loan would be more important than the economic ones, since the latter would only become manifest after several years. We discussed in some detail the security that could be put up by the High Authority. Its revenue from taxes is presently running at the rate of about $50,000,000 a year, represented

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by foreign currency. Of this, approximately $10,000,000 is set aside for administrative expenses and another $10,000,000 may be needed for perequation arrangements. The remainder would be free for application against other obligations.

I went to the Palais de Chaillot this afternoon, where the Secretary made a long [redacted] address. He followed this up by a press conference, where the questions were numerous, [redacted] rough and tough. He answered them all without [redacted] evasion and the newspaper articles tomorrow in the French press are sure to be [redacted] critical of what enemies of European unity will certainly call the brutality of American pressure. In sum, he said that if the EDC were not ratified soon the United States would have to make an "agonizing" reappraisal of its basic foreign policy.

Jean Monnet came to dinner tonight and stayed late talking about his negotiations with Humphrey, Stassen and Burgess which have thus far resulted in nothing definitive.

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